

Radical Periodicals in the United States 1890-1960

RADICAL PERIODICALS IN THE UNITED STATES, 1890-1960

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LABOR BULLETIN

**VOLUMES 1-2
1936-1938**

Introduction to the Greenwood reprint by

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Introduction

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Introduction

The mid-1930's were an exciting time for anyone interested in social problems. The country, recovering somewhat from the low point of the Depression, still suffered from a low standard of living and the chronic unemployment of millions. Franklin Roosevelt's New Deal had largely taken shape, much of it improvised to meet the emergencies of the moment; and the Supreme Court, after having invalidated the earlier recovery measures presented to it, had begun to hold New Deal legislation constitutional. Labor unions, including those that had traditionally supported the Socialist movement, increasingly attached themselves to the Roosevelt coalition, which embraced union leader and rank-and-file member alike. The Socialist Party, while attracting recruits who were disillusioned by the long depression decade, lost supporters to the New Deal on the right and the Communists on the left. The spread of fascism in Europe and the threat of it here added a sense of urgency to the deliberations of every group concerned with social issues.

In this challenging and rapidly changing situation, the speakers and other activists of the Socialist Party had a need for current and accurate information on economic trends and legislative developments, with emphasis on the aspects of current developments that would best help their educational or propagandistic efforts. It was this need that the Labor Research Front sought to fill with its *Labor Bulletin*. Launched as a monthly in August, 1936, with little or no resources and depending on volunteer contributions, the *Labor Bulletin* managed to appear only seven times before its expiration with the March, 1938 issue. The issues never told who did the editorial work, nor whether it was the same person or persons throughout the brief history of the publication. Nor were many of the contributors identified—some because their contributions were slight, others perhaps because they feared to jeopardize their present or future employment by having their names appear in a publication of this type.

The *Labor Bulletin* and its sponsor lacked the resources to engage in any meaningful type of research, as that term is properly used. Instead it sought to popularize, for its special audience, the results of investigations undertaken by governmental and private research organizations. To this were added interpretive comments on current economic or political developments, or criticisms of governmental programs dealing with economic problems. The political objective throughout was to generate support for the Socialist Party. This necessitated constant exposure of the evils of existing society, along with sustained criticism of the New Deal for the inadequacy of its programs and the meagerness of its achievements.

My part in this enterprise was to contribute a monthly summary of economic trends, for which I drew upon the publications of government agencies such as the Department of Commerce, the Bureau of Labor Statistics, and the Federal Reserve Board, along with the output of private research organizations. The emphasis in these summaries was upon the displacement of workers by technology, the lagging of employment behind industrial production, the low purchasing power of workers' incomes, the more rapid rise of profits and dividends than of wages in periods of industrial recovery, the threat of rising prices, and the need for higher wage levels to sustain economic recovery. (I was not one of the editors, whose names I have long forgotten, if indeed I ever knew them; however, since mine was one of the few names listed in the *Bulletin*, I was asked to prepare these introductory remarks.)

Some of the other articles in the *Bulletin* touched on similar themes. Living costs and living standards were discussed, the existence of a wage differential in the South was criticized, inadequacies of the New Deal's relief program were exposed, and national defense expenditures were attacked for absorbing too large a share of government expenditures. The tax structure was criticized for bearing too heavily on low incomes, as through the sales tax. A vast program of slum clearance, combined with the erection of low-cost housing, was advocated. Weaknesses in the Social Security Act, in the National Labor Relations Act, and in state labor-relations legislation were analyzed. The National Recovery Administration was criticized for giving too much help to employers, and the growing use of teacher loyalty oaths was attacked. The conservative economic views of the Supreme Court were subjected to criticism, as were the records of both the Republican and the Democratic Parties. In one of the few articles dealing with foreign affairs, European governments, democratic as well as Fascist, were criticized for providing arms to the Fascist rebels in the Spanish Civil War then raging.

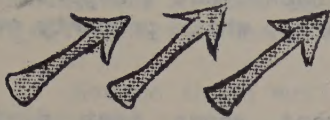
Possibly the *Labor Bulletin*, during the brief period of its existence, served a modest purpose for its small group of readers, or perhaps its quick demise showed that it possessed little value for anyone. Few persons must have been aware of its existence when it was appearing, and hardly anyone in later years could have known that it had ever existed. Its republication in this series may bring it to the attention of more people than it had any way of reaching during its brief lifetime. Perhaps the chief contribution of this republication will be to bring to the attention of future historians the writings of a small group of social activists during the depression thirties.

—Joel Seidman
Chicago, 1968

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RESEARCH — A WEAPON OF SOCIAL CHANGE

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A Monthly Summary of Economic Trends.

PROFITS OUTRUN WAGE INCREASES

Joel Seidman.

At first glance the Commerce Department's figures on national income, published on July 12, seem to indicate a better showing for wage earners than I have reported in my monthly summaries prepared for Labor Research Front. Such an impression, however, is not accurate. The difficulty is simply that different points of comparison have been adopted, and different statistics used. There is in fact no contradiction, no question as to the correctness of the statistics.

For always in economic statistics, any number of points of comparison are possible. My monthly reports have emphasized, for example, how manufacturing payrolls have lagged behind industrial profits. Whether this comparison or another is more significant or valid depends upon the economic analysis underlying them. It will be suggested below why it would be improper to conclude from the Commerce Department's figures-- reproduced in part on page 14 of this issue --that wage earners are sharing in fair fashion in the present upswing.

The Department of Commerce figures are based on property income rather than industrial profits. This makes a poorer showing for property owners, because not all profits are paid out in dividends, and likewise because interest figures have been lagging behind. For despite higher profits, interest payments

have actually declined due to defaults, refunding at lower rates of interest, and the inactivity of the credit market. Consequently total interest and dividend payments rose only 2% in 1935.

That workers have lost more than property owners or business men in the depression is shown, nevertheless, in the Commerce Department's report. The income of wage earners in 1935 was 59% of the 1929 figures, while property owners receive 85% and business men received 70%.

Further, the release of the Commerce Department shows that dividends rose 11% in 1935 over 1934, while the compensation of all employees rose only 7%.

When industrial profits and manufacturing payrolls are compared, as I have constantly pointed out, profits are seen to surpass wages. The figures on profits used are those prepared by the National City Bank and by the Standard Statistics Company; the payroll figures are those of the U. S. Bureau of Labor Statistics. Standard Statistics, for example, indicate that 1936 profits are equalling 1930 profits, but that the income of wage and salaried workers for the first half of 1936 is 22% under those of 1930.

A RAPID rise in profits, in fact, has been the chief feature of the business improvement of the past year and a half. According to Standard Statistics Company, the 1935 net income of 1799 corporations was \$2,477,000,000, an increase of 62% over their 1934 mark of \$1,650,000,000.

The fact of technological displacement of workers still continues to menace their security, and this of course is not reflected in any statistics showing a gradual rise of wage income during recovery. Production is rising sharply, though not as fast as profits, yet there is no substantial change in employment. These trends--and others--can be noted in the summary below:

Production.-- The volume of industrial production, according to the Federal Reserve Board index, rose from 93% of the 1923-25 average in March to 100 in April and 101 in May of this year.

Employment.-- Despite this gain in production, improved technology has gone so far that in April over 11,503,000 persons were still completely out of work, and in May more than 11,259,000. This is a gain of but 452,000 since May 1934.

Payroll.-- While production in June was slightly above the 1923-25 level, and factory employment was 86% of the former figure, payrolls lagged at 79.5%.

Profits.-- For the first quarter of 1936, profits were 50% above the corresponding period of 1935.

Dividends.-- For the first half of 1936, dividends were 20% above the corresponding period of 1935.

Stock Market.-- Meanwhile stock prices continue their merry course upward, pointing the way to another crash. In the single month of June, the total market value of shares listed on the New York Stock Exchange rose by \$914,000,000--by 2%. Since March 1935 stock prices have moved steadily higher, with but several minor interruptions. This rise, largely speculative, can lead only to a fresh collapse.

Railroads. Sharing in the general advance in profits were the railroads. The 140 Class I railroads had a net operating income of \$188,000,000 in the first five months of 1936, an increase of 17% over the same period of 1935. The first 13 roads to report for June showed a gain of 39% in net operating income over June of last year.

SPANISH EVENTS AND INTERNATIONAL LAW

ON THE one hand, labor organizations throughout the world are sending funds to the Spanish workers for their struggle against the fascist rebel armies. On the other hand, fascist governments in Europe are encouraging their citizens to aid the rebels, and in some instances are officially giving them assistance against the legally-constituted government of Spain.

How do these actions stand in relation to international law? It can be said summarily;

ANY act of assistance to the rebellious fascist army is a violation of international law; for the insurgents, until such a time as victory in the field of battle enables them to win recognition as the de facto government of Spain, must be regarded as brigands and traitors, without international standing.

France or any other government would be fully within its rights under international law in selling and furnishing supplies to the loyal forces, which constitute the recognized government of Spain.

The Italians supplying the rebel forces with fighting planes, ammunition, and army officers, represent a clear violation of international comity.

The German battleship Deutschland, in blocking the bombardment of rebel forts by Spanish warships, committed an act not far removed from an act of war against the recognized government of Spain.

The British airplane firms, apparently fearing international complications, prefer to send their planes to Portugal first, rather than directly to the Spanish rebels. So far as is known, London has made no investigation of this unfriendly act to the Spanish government.

How serious these infringements of international law are, how far certain European governments are going in their support of the fascist revolt, can be seen from the following excerpts from Oppenheim's treatise on International Law on the subject of neutrality.

"SINCE neutrality is an attitude of impartiality, it excludes such assistance and succor to one of the belligerents as is detrimental to the other, and, further, such injuries to the one as benefit the other. But it requires, on the other hand, active measures from neutral states. For neutrals must prevent belligerents from making use of their neutral territories, and their resources, for military and naval purposes during the war. This applies....to the transport of troops, war material, and provisions for the troops, the fitting out of men-of-war and privateers, the establishment of prize courts, and the like." (Page 520, par. 294).

And, it must be observed, the rebels do not enjoy the status of belligerents, who have certain rights in international law, such as outlined above. So in fact we are witnessing the spectacle of the rightful government of Spain being denied even the rights they would have if they were engaged in battle, not with their own rebels, but with another sovereign state.

THE ROOSEVELT RELIEF RECORD

A Chronology of His Relief Agencies and What They Did.

Only against the background of the Hoover administration's antagonism to unemployment relief and public works does the Roosevelt record seem at all bright. The following outline is submitted as a bird's-eye view of the chief efforts, and short-comings, of the Roosevelt relief program.

March, 1933

I. Civilian Conservation Corps:

1. Given appropriation of \$1,000,000,000.
2. To provide employment for young men 18-25 years of age.
3. Wage of \$30 a month--\$25 of which is sent home to family.
4. Characterized by maladministration and fascist tendencies; revolts frequent.

May 22, 1933

II. Federal Emergency Relief Administration:

1. Appropriated \$500,000,000 for grants to states; half of which to be given on basis of \$1 for every \$3 provided by states for relief, and the remaining half on basis of need.
2. Highest monthly average was \$18.23 per family in November, completely inadequate to meet needs; as low as \$3.86 per month in states like Missouri which failed to match federal grants to any extent.
3. Work relief program marked by lack of planning and inefficiency.

May, 1933

III. Federal Surplus Relief Corporation:

1. Established to aid farmers and supplement cash allowances.
2. Distributed \$58,000,000 of agricultural commodities up to April 1934; an average of \$3.41 per relief recipient.
3. Provided an unvaried, unattractive, unbalanced diet of pork, beans, flour, butter, corn, etc.

IV. Federal Emergency Relief Administration:

1. Marked the entry of the federal government into the field of work relief; proposed public works projects as recovery measure; promised fair wages, adequate to meet living requirements.

June, 1933

V. Public Works Administration:

1. Appropriated \$3,300,000,000 for heavy construction projects.
2. Set up complicated administrative procedure which caused inexcusable delays; few employed and but little money spent during first year.
3. Promised housing program; ignored it completely in fact.

Continued on next page

November, 1933

VI. Civil Works Administration:

1. Received allocation of \$400,000,000 from FWA funds, supplemented by Congressional appropriation February 1934, for white-collar projects.
2. Most liberal of the administration's programs; paid prevailing wages; employed 2,000,000 not on relief as well as 2,000,000 on relief by January 1934.
3. Program initiated quickly but was extremely wasteful.
4. Program abandoned April 1934 as economy gesture toward big business.

April, 1934

VII. Emergency Work Relief Program:

1. Turned back control of work projects to localities.
2. Employed 2,500,000 persons at peak of program in January 1935, when it was superseded by the WPA.

January, 1935

VIII. Works Progress Administrations:

1. Congress appropriated \$4,800,000,000, of which \$900,000,000 was to go to the FWA.
2. By this act President Roosevelt disregarded plans for a permanent program of public works, as desired by Ickes, in favor of light, temporary and less useful types of projects, as backed by Hopkins.
3. Preference for self-liquidating projects excluded many projects of high social value.
4. The administration defeated the A. F. of L. prevailing-wage amendment and substituted the "security wage", commonly called "cooley wages."
5. Numerous strikes resulted from this wage clause and payment of prevailing wages was forced by labor in some cases.

June, 1936

6. Before adjourning Congress appropriated \$1,425,000,000, representing a decrease of \$3,455,000,000.
7. Inadequate to provide jobs for more than 2,000,000 workers, a drop of 1,000,000 compared with 1935.
8. New act provides for wage payment at prevailing wages; viewed as concession to labor on eve of election.

The Quarterback Changes His Play and Fumbles

Experiment is said to characterize the Roosevelt program. But it is more accurate to say that the constant fluctuations in policy, as indicated in the outline above, had their root in the fact that the President had no plan. He was content to tack; to play both sides. Some of the results were: inadequate relief, extravagance, a minimum of heavy public works and housing, discrimination against negroes and the economically-weak workers, suffering from uncertainty, and no settled policy even at this late date.

(Source: The Roosevelt Relief Policy, a 24 page pamphlet prepared by Labor Research Front, obtainable for 5¢ a copy from its office.)

HOUSING NEGLECTED AS A PUBLIC WORKS MEASURE
By Louis J. Sack

The Need:

Slum clearance and low-rent housing have been paramount in all discussions, proposals and plans about public works during the Roosevelt administration. Vast housing projects were to have been the backbone of recovery.

The need for housing was never questioned. For it is commonly estimated, by governmental and private authorities, that over 14,000,000 families---half of the families in the country---are living in homes that fail to meet minimum housing standards.

According to figures based on the U. S. Real Property Inventory (1934):

- 15.4% of our homes need major structural repairs.
- 2.5% of our homes should be demolished.
- 44.4% of our homes need minimum repairs.
- 15.6% of our homes are overcrowded.

Frank Watson in his Housing Problems and Possibilities in the United States estimates that \$3,000,000,000 of residential construction is needed yearly to house all new families coming into existence and to replace obsolete housing. Yet the actual residential construction of recent years was less than \$300,000,000 annually--less than 10% of the required amount.

The Deed:

The Housing Division of the Public Works Administration was created in June 1933, pursuant to title II of the National Industrial Recovery Act. Its purpose was to provide a demonstration of slum clearance and low-rent housing to benefit persons who have never been able to afford decent housing.

Approximately \$140,000,000 was allotted from the NIRA finds. In December 1934, \$110,000,000 of this amount was impounded and could not be used. Additional funds were made available after the passage of the Emergency Relief Appropriation Act of 1935. By the end of 1935, the allocations under the ERA totaled \$103,000,000 for housing.

These funds were allocated to 38 projects located in 29 cities of continental United States, Puerto Rico and the Virgin Islands. Of these projects 37 will provide a total of 17,759 dwelling units to house 74,588 persons.

In the early days of its existence the Housing Division concentrated on a policy of loans to private limited dividend corporations. The total under this early scheme amounted to 7 projects at an aggregate cost of approximately \$11,000,000, providing 3,401 living units.

Summary:

Appropriations for public works and relief under NIRA (1933).....	\$3,300,000,000
Appropriations for public works and relief under ERA (1935)....	4,800,000,000
TOTAL	8,100,000,000
Total expenditures for housing.....	114,000,000
PERCENT OF TOTAL FOR HOUSING.....	1.5%
Estimated deficiency in dwelling units per year.....	400,000
Total dwelling units constructed.....	21,000

WHAT THE NRA DID FOR EMPLOYERS' ASSOCIATIONS

From a Study by John M. Blair

If the present strenght of organized employers' associations is to be understood, a study of the aid given them by the NRA is altogether necessary. For the trade associations dominated the code authorities; and with the force of the government back of them, they strengthened their position and emerged from the NRA period more powerful than ever before.

At the head of each code authority was placed a chairman or secretary who, for all practical purposes, was the code authority. He could issue orders to members of the industry relevant to trade practices, labor and labor disputes. And what he said went! Hence the real controlling personage for each industry was the head of the code authority. Behind him stood the federal government.

The first question to be answered, therefore, is: who were these heads of the code authorities and whose interests did they serve?

A study of 433 of the nation's most important industries as they operated under these codes showed that in many cases the director of the code authority was connected with an employers' organization. Further examination of these industries along this line brought forth the following significant facts:

1. In 197 of the 433 industries investigated, or 45% of the cases, the head of the code authority was also the executive of the employers' association in that industry.
2. In 97 other cases, or 22%, the head of the code authority had his headquarters at the same place, usually within the very same office, where the employer's association was located. Thus while the head of the code authority and the chief of the employer's association were in these cases different personages, they worked side by side.
3. In 25 cases, over 5%, the secretary or chairman of the code authority was an executive in one of the powerful companies within that industry.
4. Combining the above categories, we find that in 319 of the 433 industries, or over 73%, one of these situations existed.

It is fair to assume that somewhat the same situation existed in the other 114 industries, the remaining 27%, but information for them along these lines was not obtainable.

* * * * *

The significance of these facts can be appreciated by a recapitulation of the powers granted to these code authorities.

The head of the code authority had almost complete power over labor and labor disputes. There existed, then, the anomolous situation in which control over labor was given, in at least 73% of the industries, to persons connected with organizations that had been fighting labor for years. Labor was

asked and then told not to strike: the "march to recovery must go on" and labor must not disrupt the "advance".

As mighty as their power over labor was the power possessed by employers' associations over consumers. Under the heading of "trade practices" the director of the code authority could issue orders to members of his industry as to fixing of prices, restriction of production, etc.

For years the trade associations had fought to rescind the Sherman Anti-Trust Act, which outlawed such practices. Not only were their wishes fulfilled in this respect by the NRA, but further the employers were given the power to force into line any producers who refused to cooperate--to restrict production and to fix prices. And the administration of this power was likewise vested in the employers' associations.

NOT even in fascist Germany or Italy is such power over labor and consumers placed directly in the hands of employers. The administration of these powers is at least entrusted to a government agency with some color of impartiality.

That the employers took full advantage of the opportunities for growth presented to them is confirmed by the studies of Dr. Clarence E. Bennett, leading authority on employers' associations. In his forthcoming book, The Labor Problem, Dr. Bennett declares, "The NRA fostered the development of associations more than it did standard unions, and the enactment of the Wagner Act galvanized associations into greater opposition to unionism and its political supporters".

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THE ARMY IN THE NEW YORK CITY SCHOOLS

At a closed meeting of the Board of Superintendents of the Board of Education last year, the War Department was invited to establish Junior units of the Reserve Officers Training Corps. This the War Department did, setting up a unit at the De Witt Clinton High School and at the New Utrecht High School.

These units existed for several months without general public knowledge and when it became known, the Committee on Militarism in Education objected on four grounds:

1. Military training during school hours is a violation of the state education law, section 218, which expressly forbids it.
2. The courses were being given by persons not licensed to teach.
3. One of the units was violating the National Defense Act through its failure to have the legal requirement of 100. (New Utrecht had about 75).
4. The NDA was further violated in that the Board of Education failed to sign a bond covering loss of equipment given to the schools by the War Department.

Because of this protest the units were dropped, but an effort will be made in New York to change the state education law.

---Al Herling.

CAN A MINIMUM WAGE LAW SURVIVE THE SUPREME COURT?
From a Report of the Law Committee, Labor Research Front.

The first minimum wage act was passed by Congress in 1918 to protect women and children in certain occupations in the District of Columbia. Congress acted upon the supposition that within the confines of the capital it had such regulatory power. The Supreme Court, however, nullified the act in the case of *Adkins v. Children's Hospital*, 261 U.S. 525, holding it unconstitutional on the grounds:

- (1) exceptional circumstances would have to exist before the interference of legislative authority on freedom of contract would be tolerated, and
- (2) the legislature had no power to decree what wage was adequate to meet the cost of living.

But Mr. Justice Sutherland further declared that if the act were drawn with a view of compensating women and children for the fair and reasonable value of their services, it would be understandable.

The New York legislature, confronted with this decision, set about to draft a law that would be satisfactory. In 1933 it enacted the minimum wage law which declared it to be against public policy for any employer to employ women at an oppressive and unreasonable wage and defined an unreasonable wage as one which is "both less than the fair and reasonable value of the services rendered and less than sufficient to meet the minimum cost of living necessary for health".

This New York act was invalidated on June 1, 1936, by the Supreme Court in the case of *Morehead v. People ex rel Tipaldo*.

The State Attorney General in his brief before the court attempted to differentiate the New York law from the District of Columbia law upon the ground that the former provided for the fair and reasonable value of services and the latter prescribed a wage which did not meet the cost of living. But the N. Y. law also contained reference to the prohibition of a wage which was less than sufficient to meet the minimum cost of living. Both the Court of Appeals and the Supreme Court pointed this out in condemnation of the law since just such a provision was involved in the *Adkins* case.

Faced with this situation, lawyers now propose that the state enact legislation making the employer's obligation merely to pay the fair and reasonable value of the services rendered. This is offered in the hope that with no reference to "living costs", judges may see fit to adopt in a more constructive sense the language of Mr. Justice Sutherland that such legislation would be understandable.

In View of the drastic language of the court, it is difficult to see how the state can legislate at present. We are not dealing with such things as an emergency. We are concerned with permanent policy. When the court says without qualification that the state is without power by any form of legislation to interfere with "freedom of contract" with respect to wages, subtlety is not a solution.

Under the circumstances, the conclusion appears inescapable that a bill cannot be drawn which will adequately provide for regulation and at the same time meet the approval of the Supreme Court. A constitutional amendment is essential.

WHY THE FRAZIER-LEMKE BILL IS IMPRACTICABLE

Mortgages press so severely upon one-third of the American farmers that in the agricultural regions of the country the Frazier-Lemke bill is far from dead, though crushed 253 to 142 in the House of Representatives on May 13, 1936. With farm income and land values far below what they were when the mortgages were contracted, the mortgage problem is a serious one. The question remains, nevertheless, whether the Frazier-Lemke is a practicable solution.

Its Intentions are Good

In brief the Frazier-Lemke bill proposes that the government refinance farm mortgages at an interest rate of $1\frac{1}{2}\%$ through the sale of bonds at that rate. If these are not readily purchased by the public, the Federal Reserve Board is to issue Federal Reserve notes equal to the par value of the bonds presented to it by the Land Bank Commissioner. The bill further provides that its benefits shall apply not only to existing debtors, but also to those farmers who have lost their farms since 1928 and to tenants who should like to purchase farms.

But Will It Work?

1. The \$3,000,000,000 provided by the act is not sufficient to refinance the existing mortgages--and what farmer would not desire to refinance at $1\frac{1}{2}\%$? For the total mortgages on the 34% of the farms under mortgage, 2,300,000 farms in number, amount to \$7,770,000,000; double the amount the bill provides. This leaves less than nothing to help tenants and former owners under the act.

2. Even assuming that the public bought the bonds at the low rate of $1\frac{1}{2}\%$ --a rate lower than the government is able to borrow at for long terms---the actual expense of refinancing would run far more. According to the provisions of the bill the necessary expenses are to be charged against the beneficiaries. The estimates of costs made by the Farm Credit Administration on May 11, while possible exaggerated, indicate the extra expenses. To cover losses 1% should be added; general administration, 1% ; making the real cost to the farmers $3\frac{1}{2}\%$.

3. The 15% of farmers assisted by the bill would have a competitive advantage over all other farmers, thus deranging the agriculture price structure. And the balance of mortgages not so refinanced, because of the inadequacy pointed out above, would be therefore impaired, as would the loans financed to farmers by the Farm Credit Administration at rates up to $4\frac{1}{2}\%$.

Its Inflationary Danger

The danger of the bill most emphasized in public discussion, however, is inflation. The issuance of \$3,000,000,000 in notes, if the public fails to buy the bonds, is in truth inflationary. The economists of The Nation declare it unwise on this ground, and add further that it is not clear in the bill whether \$3,000,000,000 is really the limit. (Nation, May 20, 1936.)

The Executive Council of the American Federation of Labor opposed the measure for this reason, saying: "Labor knows and understands that the proposal to print and circulate billions of currency as proposed will vitally affect the economic well-being and status of labor. We know quite well that when inflation of the kind embodied in the Frazier-Lemke Act is adopted, commodity prices rise but wages stand still."

ECONOMIC FACTS OF THE TOWNSEND PLAN

NOT only is the Townsend Plan unsound, but the plan as proposed would not even work. For the 2% transaction tax, which is proposed to finance the pensions, would yield only a fraction of the money necessary. Authoritative estimates prepared by the Twentieth Century Fund, given below, indicate this clearly. The cost of a \$200 a month pension plan would be over \$25,000,000,000; the tax would yield only one-sixth of this amount, calculated for the year 1934.

Number of Pensioners and Cost:

Persons over 60 years of age in 1935.....	11,710,000
Number of whom would seek a \$200 a month pension.....	10,465,000
Cost of above pensions, without administration.....	\$25,116,000,000
Number who would seek a \$100 a month pension.....	9,044,000
Cost of above pensions, without administration.....	\$10,853,000,000

Yield of 2% Transactions Tax:

Estimated gross value of transactions:

	1929	1934
Transactions in tangible goods.....	\$254,582,000,000	\$118,016,000,000
Transactions in securities.....	210,831,000,000	46,928,000,000
Service transactions.....	29,951,000,000	21,420,000,000
Government tax collections.....	9,759,000,000	9,500,000,000
Income receipts.....	75,038,000,000	50,092,000,000
Miscellaneous transactions.....	58,116,000,000	24,596,000,000
Total transactions.....	638,277,000,000	270,552,000,000
Total probable shrinkage in transactions.....	186,148,000,000	65,252,000,000
Total transactions after shrinkage.	452,129,000,000	205,300,000,000
Yield of 2% tax on transactions....	\$ 9,043,000,000	\$ 4,106,000,000

The Effect Upon Prices:

Besides being inadequate, the transaction tax is the worst kind of a sales tax, and would cause prices to rise more than 8% in some cases. The pensions, therefore, would be paid by consumers by virtue of higher prices. The Twentieth Century Fund economists estimate that a 2% transaction tax, imposed at four or five stages in production, as it is proposed, would have the following effect upon the retail prices of the commodities listed below:

	Present price	After tax	% Rise in price
One gallon of gasoline	\$.125	\$.1327	6.16%
Loaf of bread	.10	.1036	3.68%
Pound of meat	.25	.2646	5.84%
Man's felt hat	5.00	5.254	5.08%
Pair of men's shoes	4.00	4.33	8.30%
Electric refrigerator	150.00	159.08	6.06%
Silk or wool dress	37.50	39.88	6.34%
Cotton dress	2.95	3.16	7.12%

(Source: Extracts from Appendices C, D, F, and G of The Townsend Crusade, by kind permission of the Twentieth Century Fund).

CAMPAIGN FUNDS IN THE ELECTION

ELECTIONS are supposedly free in the United States, but the advantage of a long purse is notorious. If you spend enough, the assumption is, the free electorate will believe anything. Thus the two major parties spend normally about \$40,000 every month. During a presidential campaign they raise huge additional funds--to help the voters make up their mind. Propaganda is the word.

Passing the Hat

How much did the wealthy contributors to the major political organizations believe it worth to control public opinion? The record for 1935 and the first five months of 1936, for national propaganda alone, is as follows:

	<u>Receipts</u>		<u>Expenditures</u>	
	Jan.-Dec. 1935	Jan.-May 1936	Jan.-Dec. 1935	Jan.-May 1936
Democrats.....	\$525,635	\$505,597	\$502,924	\$707,675
Republicans.....	486,454	293,469	278,166	209,179
Liberty League...	483,175	188,699	389,973	265,076

Thus for every day during 1935 the Democrats admit they spent \$1377 in national propaganda; the Republicans, \$762; the Liberty League, \$1068. Add the Liberty League and Republicans together and you get \$1830 ballyhoo a day.

For this campaign, the New York Times estimates (August 2), the Democrats will spend \$4,000,000, the Republicans \$3,000,000.

Coughlin collected \$190,749 for the National Union for Social Justice from March through May of this year--and spend \$185,344 during that period. Gifts over \$100 accounted for \$154,381 of this amount.

Paying the Piper

It is easier to say who owns the Liberty League. For during the early months of this year, the following persons "loaned" it \$5000 cash each: Henry Berlin duPont, Lamott duPont, Pierre duPont, S. Hallack duPont, William du Pont, and R. R. M. Carpenter, all of Wilmington; Charles C. Copeland, Washington, and Donald Brown, N. Y. City. Edward F. Hutton, N. Y. City, loaned \$10,000.

When the Democrats passed the hat, who dropped in nickles and dimes to save the administration from the Liberty League? Some of our best hard-headed business men "paid" over \$300,000 for what was politely called advertising in the Philadelphia Convention Souvenir Handbook.

During the second quarter of this year, Percy S. Straus, of Macy's, N. Y. City, gave \$10,000; Virginia Chase Weddell, Buenos Aires, \$5000. Three others gave \$2500; four others, \$2000; eleven, over \$1000 each.

But They Pay Good Wages

Jouett Shouse leads the propagandists in earnings with \$36,000 salary and \$18,000 expenses from the Liberty League. Likewise it pays William Murphy \$14,000, four others over \$10,000 each, and five others over \$5000. The Democrats pay Charles Michelson \$20,800 for publicity and Emil Hurja \$10,000 for research. The Republicans pay Hamilton \$15,000 plus \$10,000 expenses, J. Bennett Gordon \$13,400 for research, Theodore Huntley and Warren W. Wheaton \$12,000.

(Source: Reports to the Clerk of the United States House).

CHANGES IN CONSUMPTION DURING THE DEPRESSION

AVERAGE cash income of more than 100 Michigan farm families, sampled in a study of Clinton County, dropped from \$1389 in 1929 to \$664 in 1932, according to a report by Irma H. Gross and Julia Pond of the Agricultural Experimental Station, Michigan State College. How their living standards dropped is here revealed in interesting detail.

Whereas one of the families reported an income in excess of \$5000 in 1929, no family reported an income in excess of \$2000 in 1932. Two-thirds of the 1929 incomes were \$1000 and above: 90% of the 1932 incomes were below that mark. Sixty families reported reduction in spendable income up to \$500 and 29 reported reductions between \$500 and \$999. Less than 10% reported no change.

1. Food purchased declined 18.5%, though there were increases in home production of foods. Some of the families indeed "lived better" in 1932 in that they consumed the food produced on their farms rather than sell it at low prices.
2. Clothing expenditures per family fell from \$146 in 1929 to \$74 in 1932. If adjusted to the 1929 price level, the 1932 figure equals \$98, representing a drop of 33% in clothing purchases.
3. The number of families using coal decreased; the number using wood increased.
4. More families used electricity in 1932; but fewer had telephones.
5. Taxes and mortgages fell in arrears, indicating that many families obtained cash for living expenses by not meeting their financial obligations.
6. Insurance payments decreased; new policies were fewer than those dropped.
7. The use of automobiles for purposes other than farm business decreased.
8. More assistance was given to friends and relatives during the depression years, while organized charities and churches were given less.
9. More families belonged to one or more organizations but they spent two-fifths less in dues in 1932.
10. Fewer gifts--and of less value--were given.
11. Dental visits decreased by 27.3%.
12. Fewer parties were given.
13. The circulation of library books increased; magazine sales declined; and only 83 families out of 114 had a daily paper compared with 103 in 1929.

(Source: Special Bulletin No. 274, Agricultural Experiment Station, Michigan State College, 1936).

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WEALTH LOST BY WASTING LABOR POWER

DURING the six years from 1930 through 1935 we lost, because of unemployment, nearly 59,000,000 man-years of work. This has meant a loss of national income amounting to at least \$132,000,000,000.

Every family thus could have had an average of \$4,400 more income in the last six years if the unemployed had been at work.

In 1935 our national production fell short of a decent living standard by \$30,000,000,000 worth of goods and services. Labor power during the depression could have built 7,000,000 homes, electrified 10,000,000 homes, provided 18,000,000,000 articles of clothing, and \$45,000,000,000 of other goods.

(Source: A.F. of L. Monthly Survey of Business, July 1936).

COOPERATIVES IN THE AMERICAN COLLEGES

College students are learning! Today 138 college cooperatives, most of which have sprung up within the last four years, serve more than 32,000 members on campuses scattered all across the country. Together they do a business well over \$2,750,000 annually, as shown below:

Type of Co-op	Members	Business	Savings
21 book stores	23,149	\$1,874,300	10%
18 cafeterias	1,175	184,400	40%
48 dormitories	2,413	286,500	40%
2 cleaning & pressing	2,000	15,000	50-65%
4 buying pools	1,760	288,000	10-20%
45 miscellaneous	1,780	110,600	35%
138 total	32,277	\$2,758,800 annually.	

(Source: National Committee on College Cooperatives).

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STATISTICS OF NATIONAL INCOME, 1929-35

The following table, from the July 12 report of the U. S. Commerce Department, contains the data referred to by Joel Suidman in his article above:

Item: (In millions of dollars)	1929	1932	1933	1934	1935
Total income.....	78,632	48,362	44,940	50,173	53,587
Total compensation of employees	51,487	30,920	29,420	33,528	36,057
* Salaries (selected industries).	5,663	3,387	3,048	3,250	3,417
* Wages (selected industries)....	17,197	7,017	7,189	8,944	10,549
All other salaries and wages...	27,690	19,417	17,591	19,046	20,173
Work relief wages.....	619	1,389	1,313
Other labor income.....	937	1,099	973	899	1,005
Total dividends and interest...	11,218	7,980	6,969	7,211	7,303
Dividends.....	5,964	2,754	2,208	2,549	2,830
Interest.....	5,104	4,975	4,592	4,569	4,422
Entrepreneurial withdrawals....	12,503	7,992	7,306	8,052	8,701
Net rents and royalties.....	3,424	1,470	1,245	1,382	1,526

*Includes mining, m'f'g, construction, steam railroads, express, water transp't'n.

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